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COUPON FACTS, 1987

Cents-Off Coupon Usage and Users in the U.S. and Canada

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This document is one of a series of marketing research reports prepared by the Newspaper Advertising Bureau, Inc., as a service to the newspaper business and its advertisers.

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INTRODUCTION

Since C. W. Post created the first coupon for a penny off on Grape Nuts Flakes in 1895, coupons have become a staple of American marketing and purchasing. The purpose of this report is to present information about recent trends in the distribution and use of coupons.

The report builds on a number of sources of data that have become available since the previous version of Coupon Facts was issued in 1985. The sources provide information about couponing in both the United States and Canada and incorporate data from both surveys (of consumers and marketing executives) and coupon clearing houses. Clearing house data refer only to manufacturer coupons and provide no information about the "in-ad" coupons issued by a store or chain and redeemable by that retailer only. Consumer data, on the other hand, reflect experience with all coupons.

This is the most recent in a series of reports on coupon usage produced under the direction of Charles Lehman of NAB's Research Department. Carolyn Eldred was responsible for this update. For additional information call Carolyn Eldred at (212) 704-4615.

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I. THE PREVALENCE OF COUPONING

1. The Frequency of Coupon Use by American Households

The 1986 Study of Media and Markets by Simmons Market Research Bureau estimates that 65% of American households in which a female homemaker is present use cents-off coupons. More than half of U.S. households (56%) use coupons for food and grocery products, nearly a third (31%) for beauty and grooming products, and around a fourth each for drug products (26%) and fast food or franchise restaurant purchases (24%).

2. The Growth of Manufacturer Coupons Distributed in the U.S.

The number of manufacturer coupons distributed hit new records in 1986. According to Manufacturers Coupon Control Center (MCC) (1987a), over 202 billion coupons were distributed in the U.S. during the past year (Table 1), which amounts to 840 coupons for every man, woman, and child in the country. This is more than double the number of ccupons distributed in 1980 and 111% more per capita.

In 1986 the number of manufacturer coupons distributed grew 13%, and the growth rate over the the last five years has been 69%. Grocery coupons account for about 79% of coupons distributed, and health and beauty aids for 21%, up from 19% the previous year. At 26%, 1986 growth in the number of coupons for health and beauty aids substantially exceeded that for grocery coupons, which experienced 9% growth (Manufacturers Coupon Control Center, 1987a,b).

Table 1

NUMBER OF MANUFACTURER COUPONS DISTRIBUTED:
U.S., 1980-1986

Year	Total	Per Person	Grocery	H&BA
1986	202.6 billion	840	159.4 billion	43.2 billion
1985	179.8 billion	753	145.5 billion	34.3 billion
1984	163.2 billion	691	133.5 billion	29.7 billion
1983	142.9 billion	611	118.3 billion	24.6 billion
1982	119.5 billion	516	95.5 billion	24.0 billion
1981	102.4 billion	447	79.6 billion	22.8 billion
1980	90.6 billion	399	72.8 billion	17.8 billion

Source: Manufacturers Coupon Control Center, 1987a
Nielsen Clearing House, earlier years

3. The Frequency of Coupon Use in Canadian Households

When Canadian shoppers were surveyed in Canada by Nielsen in 1985, 83% reported coupon usage during the previous year, 62% during the previous month, and 34% during the previous week.

Table 2

COUPON USE BY CANADIAN SHOPPERS, 1985

Recency of Use	Percent of Shoppers
Past week	34%
Past 2-4 weeks	28
Past 2-3 months	11
Past 4-12 months	10
Over a year ago	7
Never use	10

Source: Nielsen Promotion Services, 1986

4. The Growth in Manufacturer Coupons Distributed in Canada

The number of coupons distributed in Canada stood at 4 billion in 1985, an increase of 60% since 1981. This figure amounts to 158 coupons per person, just 19% of the U.S. ratio. In Canada, growth in coupon distribution peaked in 1980 and 1981, while in the U.S. it peaked during 1982 and 1983. In recent years, coupon distribution has grown at comparable rates in the two countries.

Table 3

ANNUAL GROWTH RATE OF MANUFACTURER COUPONS DISTRIBUTED IN THE U.S. AND CANADA, 1980-1986

Year	Canada	U.S.
1986	n.a.	13%
1985	11%	10
1984	13	14
1983	12	20
1982	12	17
1981	25	13
1980	23	12

Source: Manufacturers Coupon Control Center, 1987a
Nielsen Clearing House, earlier years
Nielsen Promotion Services, 1985

II. MEDIA CHOICES FOR COUPON DISTRIBUTION

1. Media Distribution Patterns and Trends in the U.S.

Newspapers continue to be the medium of choice for manfacturer cents-off coupon distribution, even more so than in previous years (Tables 4, 5). In 1986 a record 84% of these coupons were distributed by newspapers (Manufacturers Coupon Control Center, 1987a,b).

Over two-thirds of all manufacturer coupons were distributed in newspaper inserts. In the health and beauty aid field, 75% of all manufacturer coupons went into newspaper inserts.

The free-standing insert as a component of newspapers has attracted a steadily growing share of all coupons. Its share has more than doubled since 1981.

Table 4

MEDIA DISTRIBUTION OF MANUFACTURER COUPONS, U.S., 1986

Method	Total	Grocery	H&BA
Newspapers	83.7%	84.7%	80.5%
Daily ROP solo	7.4	8.8	2.2
Co-op	7.1	8.6	1.9
Sunday supplement	1.2	1.1	1.4
Free-standing inserts	68.0	66.2	75.0
Magazines	6.5	5.3	10.8
Direct mail	4.0	3.7	5.1
In/on pack	5.8	6.3	3.6

Source: Manufacturers Coupon Control Center, 1987a,b

Table 5

MANUFACTURER COUPON DISTRIBUTION, 1981-1986, U.S.

Method	1981	1982	1983	1984	1985	1986
Newspapers	78.5%	77.9%	80.1%	82.1%	82.2%	83.7%
Daily ROP	27.3	23.1	20.0	17.3	12.2	7.4
Co-op	17.7	15.2	12.2	10.0	8.0	7.1
Sunday supplements	7.3	6.3	4.9	3.3	2.1	1.2
Free-standing inserts	26.2	33.3	43.0	51.5	59.9	68.0
Magazines	11.8	11.4	10.0	8.5	8.6	6.5
Direct mail	3.3	3.8	4.3	4.4	4.4	4.0
In/on pack	6.4	6.9	5.6	5.0	4.8	5.8

Source: Manufacturers Coupon Control Center, 1987a
Nielsen Clearing House, earlier years

2. U.S. Redemption Rates for Print Media and Direct Mail

Many factors influence redemption rates, most notably the medium used for distribution. Redemption rates can also be affected by the face value of the coupon, degree of brand loyalty, target audience for the product, visual appeal and persuasiveness of the ad, retail availability of the product, competitive activity, and kind of product being couponed. For instance, grocery coupons generally are redeemed at a higher rate than coupons for health and beauty aids, which usually cost more and have lower consumption levels.

Because so many factors affect redemption rates, MC3 provides "middle-half ranges" for each medium, that is, the redemption rates for coupon offers at the 25th and 75th percentiles of redemption frequency.

Table 6

REDEMPTION RATES FOR MANUFACTURER COUPONS:
GROCERY ITEMS, 1986, U.S.

Medium	MC3 Average	Mid-Half Redemption Rate
Newspaper:		
ROP solo	2.2%	0.8% - 3.4%
Co-op	2.3	1.0 - 3.6
Sunday supplement	1.5	0.7 - 2.2
Sunday insert	4.0	2.3 - 5.9
Magazines:		
On page	1.7	0.8 - 2.5
Pop up	4.0	2.2 - 6.0
Direct mail	6.4	3.7 - 10.5

Source: Manufacturers Coupon Control Center, 1987a

Table 7

REDEMPTION RATES FOR MANUFACTURER COUPONS:
HEALTH AND BEAUTY AIDS, 1986, U.S.

Medium	MC3 Average	Mid-Half Redemption Rate
Newspapers:		
ROP solo	1.0%	0.3% - 1.9%
Co-op	0.9	0.3 - 1.8
Sunday supplement	0.5	0.2 - 0.9
Sunday insert	2.3	1.4 - 3.5
Magazines:		
On page	0.8	0.3 - 1.3
Pop up	1.9	1.3 - 2.9
Direct mail	6.0	2.5 - 9.4

Source: Manufacturers Coupon Control Center, 1987b

3. U.S. Redemption Rates for In/On Package Coupons

Coupons are distributed not only through the mass media, but also on package containers or inside the package. As might be expected, "regular" coupons redeemable for the same product contained in the package enjoy higher redemption rates than do coupons for different ("cross") products, which nonetheless have rather high rates. Still another variant is the "instant on-pack" coupon, which is redeemable for the product it appears on at the time of purchase. While enjoying the highest redemption rates of any medium (30% for groceries, 33% for health and beauty aids), the fact that more than two-thirds of these coupons are not redeemed is puzzling.

Table 8

REDEMPTION RATES FOR MANUFACTURER COUPONS:
IN/ON PACKAGE COUPONS, 1986, U.S.

	Groceries		Health and Beauty Aids	
Coupon Type	MC3 Average	Mid-Half Redemption Rate	MC3 Average	Mid-Half Redemption Rate
Regular in-pack	14.3%	5.9% - 23.3%	8.2%	3.9% - 13.2%
Regular on-pack	11.9	5.6 - 22.1	12.3	5.9 - 19.9
Cross in-pack	5.5	2.5 - 8.2	2.5	1.4 - 4.0
Cross on-pack	5.0	2.3 - 7.9	2.7	1.5 - 4.1
Instant on-pack	29.5	14.8 - 50.2	32.9	16.4 - 51.9

Source: Manufacturers Coupon Control Center, 1987a,b

4. Where Users Get Coupons

According to female homemakers in the Simmons study, 59% of households obtain cents-off coupons from newspapers, while 52% obtain them through the mail, 37% from magazines, and 37% from packages. In the course of a week, 29% of the households use newspaper coupons, 20% use coupons obtained by mail, 15% use coupons found in magazines, and 15% redeem in/on pack coupons.

Table 9

COUPON USE BY U.S. HOUSEHOLDS IN 1986
SOURCE AND FREQUENCY OF USE

	Source			
Frequency	Newspapers	Mail	Magazines	In/on pack
Once a week or more	29%	20%	15%	15%
2 - 3 times a month	15	14	10	9
Once a month or less	15	18	13	13
Ever use	59	52	37	37

Source: Simmons Market Research Bureau
1986 Study of Media & Markets

5. Distribution of Manufacturer Coupons in Canada

Free-standing newspaper inserts (FSIs) are the predominant mode of coupon distribution in Canada, accounting for 43% of coupons distributed; other newspaper advertising accounts for another 14% (Nielsen Promotion Services, in Canadian Daily Newspaper Publishers Association, 1987). The use of FSIs has increased substantially since 1983, when it stood at 25%. Direct mail accounts for 18% of the coupons distributed, in/on pack coupons for 11%, and magazines for only 5%.

Table 10

MANUFACTURER COUPON DISTRIBUTION IN CANADA, 1986

Method	Percent
Newspapers	57%
ROP	14
Inserts	43
Magazines	5
Direct mail	18
In/on pack	11
Other	9

Source: Nielsen Promotion Services, 1987

6. Redemption Rates for Canadian Coupons

Nielsen Promotion Services (1985) analyzed coupon redemption patterns in Canada between 1981 and 1985 and found the highest rates for regular in/on pack coupons and direct mail, particularly selective direct mail. Of the print media, coupons in FSIs enjoy higher redemption rates than those in magazines, newspaper ROP advertising, and retailers' ads.

Table 11

MANUFACTURER COUPON REDEMPTION RATES FOR CANADA, 1981-1985,
FOOD AND HOUSEHOLD CARE PRODUCTS

Method of Distribution	Median Rate	Range of Rates (Excluding Highest & Lowest 10%)
Newspapers:		
ROP	1.7%	0.3% - 4.2%
Free-standing inserts	4.8	2.4 - 9.9
Retailer in-ad	0.6	0.1 - 4.2
Magazines	2.7	0.5 - 9.1
Direct mail:		
Cooperative	9.8	1.8 - 21.9
Rideau Kiwanis	5.9	3.2 - 8.9
Selective direct mail	20.3	9.1 - 34.3
In/on pack:		
Regular in-pack	23.1	4.5 - 52.2
Regular on-pack	14.4	0.7 - 33.6
Cross in-pack	10.8	2.7 - 23.2
Cross on-pack	3.2	0.8 - 11.9

Source: Nielsen Promotion Services, 1985

III. THE FACE VALUE OF CENTS-OFF COUPONS

1. The Rise in the Average Face Value of Coupons in the U.S.

Early in the 1980s growth in the face value of coupons was relatively flat when adjusted for inflation. Since 1983 and 1984, however, increases in the face value of coupons have outstripped inflation, and coupons are now worth substantially more in constant dollars than at the start of the decade (Table 12).

While grocery prices in general have increased 13% since 1981 (Bureau of Labor Statistics), the face value of grocery coupons has increased by 51% to an average of 29.8 cents. The face value for health and beauty aid coupons has increased 86% since 1981, while the price index for all items has increased only 17%. Coupons for health and beauty aids now have an average face value of 45.1 cents.

Table 12

AVERAGE FACE VALUE OF MANUFACTURER COUPONS, U.S.

	Groceries		Health & Beauty Aids	
Year	Face Value	In '81 Cents	Face Value	In '81 Cents
1981	19.8 cents	19.8 cents	24.2 cents	24.2 cents
1982	21.7	21.1	26.1	24.6
1983	24.1	23.0	29.0	26.4
1984	26.2	24.3	34.3	30.1
1985	27.3	24.8	38.3	32.5
1986	29.8	26.4	45.1	37.3

Source: Manufacturers Coupon Control Center, 1987a
Nielsen Clearing House, earlier years
Bureau of Labor Statistics

2. Distribution of Face Values of Coupons in the U.S.

According to MC3, the average (mean) face value of grocery coupons in the U.S. stood at 29.8 cents in 1986, an increase of 2.5 cents (9%) from 1985. In recent years face values below 25 cents have gradually given way to values of 25 cents or more. In 1986 the most frequently distributed grocery coupons were those with a face value of exactly 25 cents (28%), while 36% had a value of more than 25 cents (Table 13).

Face values of coupons for health and beauty aids are generally higher than those for grocery coupons. Health and beauty aid coupons have an average face value of 45.1 cents, reflecting the fact that over the years values below 40 cents have given way to higher face values. In 1986 the most common health and beauty aid coupon had a face value of 50 cents (28%), while an additional 17% had even higher face values. Nonetheless, the 25-cent health and beauty aid coupon remains popular.

Table 13

DISTRIBUTION OF FACE VALUES OF MANUFACTURER COUPONS, U.S., 1986

Face Value	Groceries	Health & Beauty Aids
10-15 cents	17.0%	2.3%
20 cents	19.5	4.9
25 cents	27.8	24.1
30-40 cents	21.0	24.8
50 cents	9.6	28.2
55-75 cents	2.6	4.8
$1.00 +	2.5	10.9

Source: Manufacturers Coupon Control Center, 1987a,b

3. Minimum Face Values U.S. Consumers Would Use

In its most recent survey of American consumers, conducted in 1984, Nielsen inquired about the minimum face value a coupon would need to have for shoppers to use it. The answer depended on whether they had previously used the product. At the time of the survey, a substantial minority (43%) of those who had used the product before said that they

would redeem a coupon worth less than 15 cents. By contrast, the vast majority (78%) of those who had not previously used the product required a coupon of at least 25 cents in order to redeem it.

Table 14

MINIMUM FACE VALUE U.S. CUSTOMERS REQUIRE TO USE COUPONS

	Percent Who Would Use If:	
Face Value	Product Used Before	Product Not Used Before
Under 15 cents	43%	9%
15 - 24 cents	33	13
25 cents	16	27
Over 25 cents	8	51

Source: Nielsen Clearing House, 1985c

4. Trends in the Face Value of Coupons in Canada

In its 1985 report analyzing coupon redemption in Canada, Nielsen Promotion Services reported a 15% increase in the median face value of coupons since its 1982 report, from 20 cents to 23 cents. Nielsen observed, however, that prices increased more rapidly during that same period. Other trends noted by Nielsen include a decrease in the proportion of coupons offering less than 15 cents off (from 18% to 6%) and an increase in high value multiple purchase offers.

5. Distribution of Face Values in Canada

During the 1981-1985 period, the most common face values for coupon offerings in Canada were 15, 20, and 25 cents. Together, these denominations accounted for just over half of all coupons issued (excluding retailer in-ad coupons).

Table 15

DISTRIBUTION OF MANUFACTURER COUPONS BY FACE VALUE, CANADA, 1981-1985

Face Value	Percent Distributed*
Less than 15 cents	6%
15 cents	20
18 cents	5
20 cents	13
23 cents	7
25 cents	19
30 cents	5
35 cents	4
40 cents	5
50 cents	7
51 cents or more	5
Other	4

*Excluding retailer in-ad coupons

Source: Nielsen Promotion Services, 1985

6. Minimum Face Value for Coupon Redemption by Canadians

According to Nielsen Promotion Services, the predominant face value Canadian coupon users say they would require to redeem a coupon is 25 cents, cited by 27%. Below a face value of 25 cents, each five cent increase above 15 cents raises the number who would use the coupon by at least 10% of the cumulative total, with the largest increase occurring between 20 and 25 cents.

Table 16 .

MINIMUM VALUE FOR CANADIAN SHOPPERS TO USE COUPONS, 1985

Minimum Face Value	Percent Who Require to Use
10 cents	18%
15 cents	11
20 cents	13
25 cents	27
30 cents	7
40 cents	5
50 cents	8
75 cents	3
Free/depends on product	8

Source: Nielsen Promotion Services, 1986

IV. COUPON USERS

1. U.S. Coupon Users

According to information obtained from female homemakers by Simmons Market Research Bureau in its 1986 Study of Media & Markets, 65% of their households use manufacturer and/or store coupons, and the majority of women in almost every demographic category surveyed belong to coupon-using households (Table 17).

Coupon use is most common in larger households that have an annual income of at least $20,000, that are located in a suburb in the northeast or midwest, and where the female homemaker is between the ages of 25 and 64, married, white, and a high school graduate. Coupon use is less frequent in the households of minority women, those at lower income levels, and those who have not completed high school.

Table 17

RATES OF COUPON USE BY CHARACTERISTICS OF FEMALE HOMEMAKERS, U.S., 1986

Age	Percent
18 - 24	59%
25 - 34	65
35 - 44	67
45 - 54	70
55 - 64	69
65 +	63
Marital Status	
Married	70
Single	55
Other	60
Race	
White	68
Black	48
Other	41
Education	
College graduate	68
Some college	72
High school graduate	67
Not HS graduate	57
Employment Status	
Work full time	63
Work part time	70
Not employed	66
Occupation	
Profess/managerial	67
Tech/cler/sales	68
Other	58

Household Income	Percent
$30,000 & over	70%
$20,000 - $29,999	70
$10,000 - $19,999	63
Less than $10,000	55
Size of Household	
One person	61
Two persons	65
Three-four persons	67
Five or more persons	68
Geographical Region	
Northeast	73
Midwest	75
South	57
West	60
County Size	
A	64
B	69
C	65
D	63
Locality Type	
Central city	60
Suburb	70
Non-metro	64
OVERALL	65

Source: Simmons Market Research Bureau
1986 Survey of Media & Markets

2. Canadian Coupon Users

According to Nielsen Promotion Services, the primary grocery shopper in 83% of Canadian households used coupons in the last year, with 62% having used coupons within the last month. Users are somewhat more likely to be women than men and are similar demographically to their U.S. counterparts. Use of coupons is highest among the married, those with larger households, those between 30 and 60, the more affluent, and those with larger food budgets. However, a majority of shoppers in almost every demographic group have used coupons in the last month, and a substantial majority in all groups have used them in the last year.

Table 18

RATE OF COUPON USE AMONG PRIMARY GROCERY SHOPPERS, CANADA, 1985

	Percent Last:			Percent Last:	
Gender	Year	Month	Household Size	Year	Month
Female	85%	65%	1 - 2 persons	81%	58%
Male	76	57	3 - 4 persons	82	64
			5+ persons	89	64
Age					
			Household Income		
18 - 30	82	60			
31 - 45	83	63	Over $40,000	84	67
46 - 60	84	65	$25,001 - $40,000	83	63
61 +	81	58	$15,001 - $25,000	83	60
			$15,000 & under	81	56
Marital Status					
			Grocery Costs/Week		
Married	85	65			
Single	80	52	$101 or more	85	63
Other	77	51	$71 - $100	84	68
			$56 - $70	83	67
			$41 - $55	79	60
OVERALL	83	62	$40 or less	77	48

Source: Nielsen Promotion Services, 1986

V. RESPONSE AND TIMING PATTERNS FOR COUPONS

1. How Couponing Affects Product Sales Patterns

Based on data provided by NABSCAN, a company that formerly measured product sales on a daily basis through computerized scanning, the Newspaper Advertising Bureau analyzed 50 ROP ads appearing in daily newspapers between 1981 and 1984. The typical coupon ad resulted in a median sales increase of 40% during the week the coupon appeared over the level of the previous week. Further, in three-quarters of the cases, sales continued at an above average level the following week. Sales in the second week averaged 23% above those of the base week and in some cases even exceeded those of the first week.

Table 19

INDEX OF UNIT SALES RESULTS OF
NEWSPAPER ROP COUPON ADS, 1981-1984
(Based on 100 for Week Before Ad)

Product	Coupon Amount	Week Of Ad	Week After Ad
Ajax & Baggies	15 cents each	148	87
Aunt Jemima	10 cents	178	195
Ben Gay	30 cents	143	151
Betty Crocker Mix	10 cents	130	160
Betty Crocker Potatoes	20 cents	113	91
Campbells Pork & Beans	12/15 cents	147	61
Cheerios & Wheaties	50 cents both	135	136
Cheese Ritz Crackers	15 cents	127	98
Chex Cereals	50 cents	286	365
Chex Cereals	50 cents	123	102
Coca Cola	20/50 cents	147	116
Coca Cola Products	50 cents	132	217
Delicaseas Seafood	25 cents	208	257
Diet Rite Cola	30 cents	124	98
Doxsee Clams/Chowder	30 cents for 2	367	392

Table 19 (Continued)

Product	Coupon Amount	Week Of Ad	Week After Ad
Gorton's Seafood	20 cents	126	88
Heinz Sauce	40 cents for 2	422	199
Kelloggs Crispix	50 cents	3411	3378
Kraft Parmesan	20 cents	118	98
Lipton Soup	15 cents	196	129
Lipton Soup	15 cents	147	157
Minute Maid	15 cents	302	281
Miss Breck Spray	20/50 cents	134	111
Morrell Wieners	25 cents	186	94
Mrs. Pauls Fillets	30 cents	164	114
Nabisco Champs	25 cents	266	390
Nabisco Chips Ahoy	25 cents	132	135
Nestea	28 cents	132	105
New Breed Dog Food	$1.00	128	95
Oscar Mayer Chees Dogs	15 cents	136	173
Pennsylvania Dutch Egg Noodles	10 cents	161	169
Pepsi	20 cents	239	111
Philadelphia Cheese	20 cents	156	141
Purex Detergent	25 cents	128	191
Purina Dinners	25 cents	119	115
Ralston Purina Breakfast Items	35 cents	116	123
Reynolds Wrap	25 cents	151	112
Sanka Coffee	60 cents	121	114
Sego Diet Drink	15 cents	123	122
Snowy Bleach	20/40 cents	143	128
Solo Detergent	50 cents	126	124
Sweet 'N' Low	20/40 cents	123	129
Sweet 'N' Low	20 cents	130	100
Tang	40 cents	113	119
Uncle Ben's Rice	15 cents	179	93
Van de Kamp's Seafood	20 cents	169	176
Vera Toilet Tissues	25 cents	127	95
Weaver Rondelets	25 cents	193	170
Woolite	10/25 cents	123	110
Yes Detergent	30 cents	157	129

Source: NABSCAN
Newspaper Advertising Bureau

2. Timing from Appearance of Ad through Processing

The redemption process begins when the consumer uses coupons at the store. The store then submits the coupons to its chain or division headquarters, to its clearing house, or to various manufacturers' clearing houses. Large stores may submit their coupons weekly, while small stores may forward their coupons as infrequently as every six months. The number of levels between the retailer and the manufacturer or its clearinghouse is another determinant of the amount of time required for processing. Thus, even when customers redeem coupons promptly, there is a considerable time lag between coupon distribution and return of the redeemed coupons to the manufacturer.

Customers do not always redeem coupons promptly, however. As reported previously by the Newspaper Advertising Bureau, 66% of principal grocery shoppers keep a file of coupons for future use. The medium selected for coupon distribution also affects speed of redemption. The median time for redemption and clearing of grocery coupons carried by newspapers is about four months, by magazines, six months, and through in/on pack coupons, seven months. Coupons for health and beauty aids have longer redemption times because of lower product turnover.

Nielsen Promotion's (1985) analysis of grocery coupon redemption between 1981 and 1985 reveals similar patterns in Canada. Median redemption and clearance times are around four months for coupons from newspapers, six months for coupons from magazines, eight months for in/on-pack coupons, and six months for direct mail coupons.

VI. OTHER TOPICS IN COUPONING

1. Standardization of Coupon Size and Design

Coupons have appeared in a variety of shapes and sizes, but standardization of coupons can prove advantageous. Coupons of a predictable size and design should be more recognizable to consumers and are easier to handle as well. By contrast, nonstandard coupons, self-destruct coupons, peel-off coupons with sticky backs, and complicated purchase requirements --including size and multiple-purchase specifications--are more difficult to handle.

2. Expiration Dates

Manufacturers prefer that coupons bear an expiration date in order to limit the time frame for their liability and to permit short-term measures of the effectiveness of their coupon promotions. Retailers, on the other hand, prefer coupons without expiration dates, since they must absorb the cost of any expired coupons they redeem. A recent review of 400 coupons issued in late 1986 and early 1987 showed that expiration dates are still the norm. Just 22% of the coupons examined had no expiration date, while 18% expired in thirty days or less, 40% in three to six months, 20% in six to twelve months, and 1% in more than a year (Summary Scan, 1987).

3. UPC Scanning

The substantial increase in the placement of UPC symbols on coupons is one of the most dramatic recent developments in couponing. According to Donnelly Marketing's 9th Annual Survey of Promotion Practices, 46% of

companies surveyed in 1986 have completed the task of placing UPC symbols on their coupons, up from only 7% in 1984. An additional 24% are definitely committed to doing so, and another 24% anticipate doing so but have not made a firm decision. More than twice as many large firms ($1 billion or more in revenues) as small firms have completed the task, 65% and 31%, respectively. However, 28% of these smaller firms are definitely committed to placing UPC symbols on their coupons, and another 33% expect to do so but have not made a firm decision (33%).

The UPC symbol can be helpful not only in the clearing process but also when the coupon is redeemed. If scanners are used at the checkout counter, the face value of store-issued coupons is automatically deducted from the total bill and verification of proper product purchase is simplified.

4. Trends in Coupon Use

The sources drawn on in this report, as well as articles in the trade press (e.g., Bowman, 1986 and Kingsbury, 1987) are consistent in their portrayal of recent trends in couponing. The total number of coupons distributed each year has continued to grow, although the rate of growth has declined since the early part of the decade. While the number of coupons redeemed has also continued to grow accordingly, redemption rates have been falling (except for instant on-pack coupons).

Although the majority of households use coupons, heavy coupon use is more concentrated. One source (Kingsbury, 1987) indicates that 20% of total households account for more than half of all redemptions, and

another (NPD/Marketrax, 1987) notes that 31% account for as much as 72% of redemptions. Kingsbury suggests that the ability of already heavy coupon users to make use of more coupons is limited by their need for the promoted products.

5. Increasing the Effectiveness of Coupons

Creativity and quality are as important in coupon ads as they are in other forms of advertising. Landsman (1984) recommends that coupon ads contain strong graphics, have inviting headlines, keep their message simple, and not appear embarrassed to contain coupons. Since ad coupons redeeming at the 75th percentile generally do three to four times better than those redeeming at the 25th percentile in the same medium, the quality of the ad may very well be a factor.

Finally, the effectiveness of coupons is not measured by redemptions alone. A coupon campaign should encourage product trials and brand switching. In Nielsen's survey of primary grocery shoppers in Canada, 54% of coupon users indicated that during the previous year they had used a coupon to purchase a product they had never used before, and 73% would switch brands in some product categories if offered coupons. In addition to its effects on consumer behavior, a well-orchestrated promotion should encourage new stores to begin carrying the product. Thus, a first-rate coupon compaign should have the effect of leveraging significant sales well beyond those directly associated with coupon redemption.

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APPENDIX A

SOURCES FOR BUYING NEWSPAPER COUPON ADVERTISING

1. Newspaper Representatives

A complete list of newspapers and their "reps" can be found in:

- Editor and Publisher Yearbook
  11 West 19th Street
  New York, NY 10011
  (212) 675-4380

- Standard Rate and Data Service-Newspapers
  3004 Glenview Road
  Wilmette, IL 60091
  (312) 256-6067
  (800) 323-4601

  - Eastern Sales Office
    866 Third Avenue
    New York, NY 10022
    (212) 702-6885

  - Western Sales Office
    11500 Wilshire Blvd., Suite 355
    Los Angeles, CA 90064
    (213) 478-0354

2. Sunday Magazines

- Parade Magazine
  750 Third Avenue
  New York, NY 10017
  (212) 573-7000

- Sunday Magazine Network
  260 Madison Avenue
  New York, NY 10016
  (212) 689-8200

- USA Weekend
  535 Madison Avenue
  New York, NY 10022
  (212) 715-5300

3. ROP and FSI Coupon Promotion Firms

- The Sunflower Group
  10895 Lowell
  Overland Park, KS 06210
  (913) 451-2125

  ROP advertising.

- Mr. Patrick Hayden
  Valassis/NCC Black & White
  Farmington Westhills Office Park
  34115 West Twelve Mile Road
  Farmington Hills, MI 48018
  (313) 553-9400
  (800) 437-0479

  FSIs at least biweekly, plus ROP. National coverage.

- Ms. Charlotte Saponaro
  Media Director
  Quad Marketing
  1290 Avenue of the Americas
  New York, NY 10104
  (212) 603-6000

  FSIs at least biweekly. National coverage.

- Mr. Kent Hobby
  Vice President, Sales and Marketing
  Product Movers, Subsidiary of Charles Offset Co.
  621 Avenue of the Americas
  New York, NY 10011
  (212) 255-3800

  FSIs at least biweekly. National coverage.

- Ms. Kay Franklin
  National Sales Manager
  BDS Marketing
  500 Turnpike Street
  Canton, MA 02021
  (617) 821-0900

  FSIs semi-annually. New England coverage.

- Ms. Jacqueline Molligo
  General Manager
  Great Events Promotions, Inc.
  125 Mineola Avenue
  Roslyn Heights, NY 11577
  (516) 484-0411

  FSI annually. Coverage of the Metro New York area, including some parts of New Jersey and Connecticut.

APPENDIX B

ADDITIONAL SOURCES OF INFORMATION

- Manufacturers Coupon Control Center
  1900 North 3rd Street
  Clinton, IA 52732
  (319) 242-4505

  - Cherry Hill, NJ (609) 662-1235
  - Hackensack, NJ (201) 487-5310
  - Menlo Park, CA (415) 321-7700
  - Los Angeles, CA (213) 263-9991
  - New York, NY (212) 868-8830
  - Northbrook, IL (312) 498-6300

- Nielsen Promotion Services
  A.C. Nielsen Company of Canada, Limited
  160 McNabb Street
  Markham ON L3R 4B8 Canada
  (416) 475-3344

- Donnelley Marketing
  70 Seaview Avenue
  P.O. Box 10250
  Stamford, CT 06904
  (203) 353-7000

- Summary Scan
  Advertising Checking Bureau
  2 Riverside Plaza
  Suite 2400
  Chicago, IL 60606
  (312) 454-1907

- Newspaper Advertising Bureau
  1180 Avenue of the Americas
  New York, NY 10036
  (212) 921-5080